

Rahall	Sisisky	Taylor (NC)
Riley	Skelton	Thornberry
Rogers	Smith (MI)	Thune
Ryun (KS)	Smith (TX)	Tiahrt
Sandlin	Souder	Toomey
Sanford	Spence	Turner
Sessions	Stenholm	Vitter
Shadegg	Strickland	Wamp
Sherwood	Stump	Watkins
Shimkus	Sununu	Watts (OK)
Shows	Talent	Whitfield
Shuster	Tanner	Wicker

NOT VOTING—11

Cannon	Hall (OH)	Rangel
Coble	Holden	Royce
Cox	Istook	Scarborough
Engel	Jefferson	

□ 1137

Messrs. BURTON of Indiana, NEY, DELAY, SHOWS, WHITFIELD, ADERHOLT, STRICKLAND, LARGENT, and KINGSTON changed their vote from "yea" to "nay."

Mr. RADANOVICH changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Mr. YOUNG of Alaska. Mr. Speaker, I mistakenly voted in favor of the motion to instruct conferees on H.R. 1501 offered by Ms. LOFGREN. My vote should have been recorded as a vote in opposition to the motion.

GENERAL LEAVE

Mr. GOODLATTE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 1875, the bill to be considered in the Committee on the Whole shortly.

The SPEAKER pro tempore (Mr. HEFLEY). Is there objection to the request of the gentleman from Virginia?

There was no objection.

INTERSTATE CLASS ACTION
JURISDICTION ACT OF 1999

The SPEAKER pro tempore. Pursuant to House Resolution 295 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1875.

The Chair designates the gentleman from Utah (Mr. HANSEN) as chairman of the Committee of the Whole, and requests the gentleman from Colorado (Mr. HEFLEY) to assume the chair temporarily.

□ 1138

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1875) to amend title 28, United States Code, to allow the application of the principles of Federal diversity jurisdiction to interstate class actions, with Mr. HEFLEY (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Virginia (Mr. GOODLATTE) and the gentleman from Michigan (Mr. CONYERS) each will control 30 minutes.

The Chair recognizes the gentleman from Virginia (Mr. GOODLATTE).

Mr. GOODLATTE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this much-needed bipartisan legislation corrects a serious flaw in our Federal jurisdiction statutes. At present, those statutes forbid our Federal courts from hearing most interstate class actions, the lawsuits that involve more money and touch more Americans than virtually any other litigation pending in our legal system.

Mr. Chairman, the class action device is a necessary and important part of our legal system. It promotes efficiency by allowing plaintiffs with similar claims to adjudicate their cases in one proceeding. It also allows claims to be heard in cases where there are small harms to a large number of people, which would go otherwise unaddressed because the cost to the individuals suing could far exceed the benefit to the individual. However, class actions have been used with an increasing frequency and in ways that do not promote the interests they were intended to serve.

In recent years, State courts have been flooded with class actions. As a result of the adoption of different class action certification standards in the various States, the same class might be certifiable in one State and not another or certifiable in State court but not in Federal court. This creates the potential for abuse of the class action device, particularly when the class involves parties from multiple States or requires the application of the laws of many States.

For example, some State courts routinely certify classes before the defendant is even served with a complaint and given a chance to defend. Other State courts employ very lax class certification criteria rendering virtually any controversy subject to class action treatment.

There are instances where a State court, in order to certify a class, has determined that the law of that State applies to all claims, including those of purported class members who live in other jurisdictions. This has the effect of making the law of that State applicable nationwide.

The existence of State courts which broadly apply class certification rules encourages plaintiffs to forum shop for the court which is most likely to certify a purported class. In addition to forum shopping, parties frequently exploit major loopholes in the Federal jurisdiction statutes to block the removal of class actions that belong in Federal court.

For example, plaintiffs' counsel may name parties that are not really relevant to the class claims in an effort to destroy diversity. In other cases, counsel may waive Federal law claims or shave the amount of damages claimed to ensure that the action will remain in State court.

Another problem created by the ability of State courts to certify class actions which adjudicate the right of citizens of many States is that oftentimes more than one case involving the same class is certified at the same time. In the Federal court system, these cases involving common questions of fact may be transferred to one district for coordinated or consolidated pretrial proceedings.

When these class actions are pending in State courts, however, there is no corresponding mechanism for consolidating the competing suits. Instead, a settlement or judgment in any of the cases make the other class actions moot. This creates an incentive for each class counsel to obtain a quick settlement of the case and an opportunity for the defendant to play the various class counsel against each other and drive the settlement value down. The loser in this system is the class member whose claim is extinguished by the settlement at the expense of counsel seeking to be the one entitled to recovery of fees.

Our bill is designed to prevent these abuses by allowing large interstate class action cases to be heard in Federal court. It would expand the statutory diversity jurisdiction of the Federal courts to allow class action cases involving minimal diversity. That is when any plaintiff and any defendant are citizens of different States to be brought in or removed to Federal court.

Article 3 of the Constitution empowers Congress to establish Federal jurisdiction over diversity cases, cases between citizens of different States. The grant of Federal diversity jurisdiction was premised on concerns that State courts might discriminate against out-of-state defendants.

In a class action, only the citizenship of the named plaintiff is considered for determining diversity, which means that Federal diversity jurisdiction will not exist if the named plaintiff is a citizen of the same State as the defendant regardless of the citizenship of the rest of the class.

□ 1145

Congress also imposes a monetary threshold, now \$75,000, for Federal diversity claims. However the amount in controversy requirement is satisfied in a class action only if all of the class members are seeking damages in excess of the minimum required by the statute.

These jurisdictional statutes were originally enacted years ago, well before the modern class action arose, and they now lead to perverse results. For example, under current law a citizen of